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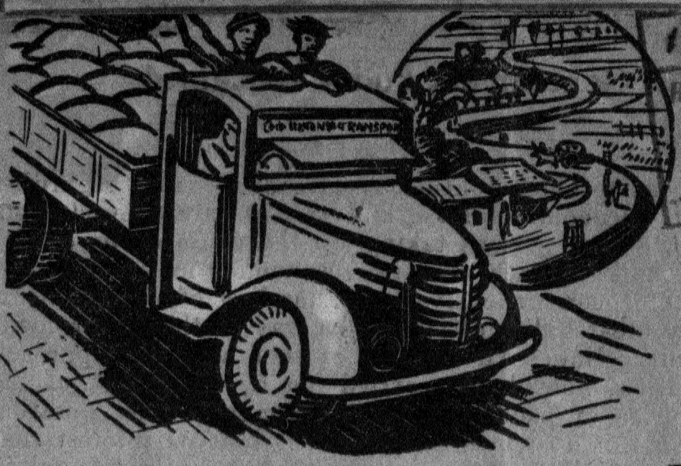

Paddy Price and Procurement

West Bengal Government Policy Explained

West Bengal Publicity Department Release

III

Paddy Price and Procurement

West Bengal Government Policy Explained

IN THIS country considerable confusion already exists regarding economic matters and economic forces and trends are viewed from different perspective by different persons taking up the cause of particular group interests. A sectional approach to vital economic matters is not conducive to the growth of a comprehensive understanding of our problems as a whole and inevitably creates difficulties on the way of the Government in the formulation of their policy. An example of such sectional approach is furnished by the agitation, now being carried on by a section of the people, for raising the price of paddy in West Bengal. The question affects every individual in this Province and is so vital to its interest that Government consider it essential to take the earliest opportunity to explain the position.

The following table gives the number of families producing paddy in this Province classified according to the size of their holding and marketable surplus:—

Producers of Paddy and their Surplus in West Bengal.

Size of holdings.	Number of families in lakhs. (*a*)	Percentage of families in terms total.	Deficit (−) or surplus (+) in thousand tons.
(1) Less than 2 acres	10·36	44·1	−93
(2) 2 to 3 acres	2·75	11·7	−647
(3) 3 to 4 acres . ..	2·26	9·6	+36
(4) 4 to 5 acres . ..	1·99	8·5	+97
(5) 5 to 10 acres	4·32	18·4	+541
(6) 10 to 25 acres	1·65	7·0	+362
(7) Above 26 acres	0·17	0·7	+115
Total ..	23·50	100·0	+1,036(*b*)

(*a*) Taken from the Report of the Floud Commission.

(*b*) In this calculation the annual production of rice has been assumed to be 10 maunds per acre and the seed and wastage at 10 per cent. of the yield.

The consumption requirements is estimated as one ton per family per annum.

Production and consumption

It will thus appear that 23½ lakhs of families divided into seven groups according to the size of the holding, are engaged in producing paddy on their holdings. In the case of the first two groups, the production does not meet the requirement for their own consumption. In the case of the third group the production barely suffices for consumption but, as is well known, this group sells during the harvest season and buys during the off-season. These three groups cover 15·37 lakhs of families or 65·4 per cent. of the producing families in the Province.

It is the last four groups which have a real saleable surplus. Only 8·13 lakhs of families, or roughly 40 lakhs of persons about 25 per cent. of the total population, fall into these groups. It is these 40 lakhs of people who stand to gain by any proposed increase in the price of rice or paddy. The remaining 210 lakhs of people of this Province stand definitely to lose by a rise in the price of paddy or rice and are composed of heterogenous categories, viz., the 15·37 lakhs of families of cultivators who have to buy rice at one time or other during the year; the bargadars and landless labourers; the non-agricultural labourers, artisans, the middle-class composed of teachers, clerks, traders, rent-receivers, etc.

APPENDIX.

English rendering of relevant extracts from "Lokesevak" (Calcutta) of 30th November 1949:

THE PROCUREMENT METHODS OF THE WEST BENGAL GOVERNMENT ARE NOTHING BUT "LEGALISED LOOTING".

GOVERNMENT HAVE NO RIGHT TO CLAIM THE PRODUCES OF THE PEASANTS BEFORE SOLVING THE PROBLEM.

SPEECHES DELIVERED BY DR. KUMARAPPA AND DR. PRAFULLA GHOSH AT THE CONFERENCE OF WEST BENGAL PADDY GROWERS' DELEGATES.

By

Staff Reporter.

Bitterly criticising the present procurement policy of the Government in the course of his speech at the conference of the delegates of West Bengal paddy-growers at the Indian Association Hall on Tuesday last Dr. J. C. Kumarappa said that at the present time this policy was nothing but "legalised looting". He said that as the Government were doing nothing in the matter of solving the more important problems facing the peasants in the matter of production, they had no right to demand a share of the crops produced. In regard to the price of paddy Dr. Kumarappa said that it was only the peasants who had the right to determine at what price their produces should be sold. Dr. Prafulla Chandra Ghosh said that as regards capitalists a hope of profits (*sic*) had to be held out. If the peasants demand a legitimate price for the paddy produced by them it will not be wrong. If no response to the appeal made to them comes from them the production of foodgrains cannot increase.

Dr. J. C. Kumarappa presided at the conference. Discussing the agricultural problems in their entirety he said in the course of his speech that adequate irrigational measures were not being adopted for the purpose of cultivation, seed grains were not being provided and the peasants were not getting iron for manufacturing plough-shares. This is the condition today prevailing throughout the country. On the top of all this their produces are being taken in the name of official procurement. This is legalised looting. Government are not doing anything for production, they are only busy with procuring as large a quantity of foodgrains as they can find for the consumers. Dr. Kumarappa also said that the peasants should store up foodgrains necessary for their consumption for two years. They should have the courage to refuse to part with foodgrains not in excess of the quantity necessary for this purpose. If necessary they should court imprisonment. He said that the peasants alone have the right to determine the prices of their produces. They must acquire strength to exercise this right. He asked them to unite for this purpose. He said that it was no use making appeals and petitions in the present circumstances.

Expansion of production

There is a third line of approach, viz., will further increase in price lead to expansion of production? The price of paddy or rice has increased 579 per cent. as against a rise of about 300 per cent. in the cost of living of the agriculturists and in the majority of cases there has been either a small rise and in some cases no rise in the cost of production. This should have proved a very strong stimulus for increased production of the margin of cultivation both extensively and intensively. But still during the last few years, the production of paddy in this Province has not increased. In the existing price stimulus provided by high prices to agricultural commodities, the increase in the production of paddy was only expected; but since this did not happen, it is natural to assume that incentives of other nature are called for than of artificially pushing up the price. This is a clear indication that price rise cannot prove the necessary stimulant to production, but merely results in increase in the profits of a numerically small class at the expense of the vast proportion of the population of this Province.

Reduction of cost of living

Thus, all arguments go against a policy of increasing the price of paddy or rice. Everybody is aware that the policy of the Government of India has been to reduce the cost of living, and this reduction in the cost of living is essential for the economic well-being of the country. Cost of living cannot be lowered unless the prices of food can be lowered; for, not only does food constitute the biggest factor in the cost of living, but the price of food reacts on the price of every other commodity. Government must therefore, take all steps against any further increase in the prices of foodgrains.

Professor Kumarappa answered

In these circumstances, Government view with surprise that Professor J. C. Kumarappa should have given expression to certain views regarding this problem which are not based upon a correct understanding of the real position obtaining in this Province vis-a-vis agricultural prices. He is reported to have declared at a meeting in the Indian Association Hall on the 29th November last that "it is only the peasants who have the right to fix the price of rice." He is also reported to have advised the peasants that if Government "only want production without looking after the interests of the peasants, they should follow the 'Scotched Earth Policy' in respect of the grain produced by them, so that the Government cannot get them." Professor Kumarappa is also reported to have said, "Government was not discharging its duties towards supplying the cultivators with such materials as are required for long-term arrangement. Irrigation projects for cultivators are not being executed, no arrangement is made for distribution of seeds, and the cultivators are not getting iron for their plough. When such is the state of affairs all over the Province, the Government's taking away the crops of the cultivators in the name of procurement is legalised looting". While this Government recognise that increased efforts at irrigation, distribution of suitable seeds and manures and other accessories of cultivation should be made by every Government, this Government have during the years 1948-49 and 1949-50 made the following provisions:—

For Irrigation:

(i) Apart from the Mayurakshi project for which the Government have already incurred liability of nearly two crores of rupees, 290 small irrigation schemes, costing nearly Rs. 99 lakhs, have been executed, and these will irrigate nearly 500,000 acres of land.

(*ii*) One thousand derelict tanks have been excavated for irrigation purposes costing Government Rs. 30 lakhs and irrigating about 40,000 acres.

(*iii*) Ninety Persian Wheels at a cost of Rs. 40,000 and pumping sets for irrigation at a cost of nearly Rs. 2 lakhs have been hired out or sold during these 2 years.

For Seeds:

Five hundred fifty tons of different types of quality seeds at a cost of Rs. 4·26 lakhs were distributed. Seed farms have been established, and the total liability for these would amount to Rs. 50 lakhs. Distribution of seeds and other supplies to cultivators is done through 105 departmental stores located in the interior.

For Manure:

About 2·10 lakh tons of manure and fertilizers (artificial and otherwise) at a total cost of Rs. 1 crore have been distributed.

Iron and Steel:

About 4,900 tons of iron and steel were distributed for agricultural purposes at a cost of about 15·86 lakhs. As a matter of fact 50 per cent. of Provincial quota of iron and steel is now reserved for agriculturists.

For Subsidies:

The total subsidies which will be distributed before the end of 1949-50 will amount to Rs. 1 crore 6 lakhs.

Total cost of the above is:

a little over 3½ crores in two years besides the cost on the Mayurakshi scheme. We are spending more money in agriculture in West Bengal than the money spent for this purpose in undivided Bengal.

It will be seen from the above that to call "procurement of rice grain" as "legalised looting" is very much off the mark.

Leading Agriculturists Astray

If the reports published of the proceedings at the meeting at the Indian Association Hall be true, it is clear that the advice given by the speakers is against the best interests of the people of this Province, including the agriculturists. No Government can look with equanimity to any attempts made by any one to lead astray the agriculturists and incite them to pursue a policy which is against their own best interests as well as those of the rest of the community. The West Bengal Government are determined to follow their procurement policy without let and hindrance in the interests of the people themselves; any attempt to thwart this by misleading slogans will not be tolerated. It is the desire of the Government to maintain the price of paddy at the present level as far as possible, and continue the policy of controlled distribution of rice in the interests of the vast majority of the people of this Province who number 210 lakhs in a total population of 250 lakhs and includes a cross-section of a variety of interests.

In this connection the following letters exchanged between Government and Professor J. C. Kumarappa are released for the information of the public:—

(1) From Sri P. C. Acharji, Deputy Secretary to the Government of West Bengal to Dr. J. C. Kumarappa.

CALCUTTA,
December 1, 1949.

SIR,

I am directed to invite your attention to the report published in the issue of the *Lokesevak*, dated the 30th November 1949, under the caption "The Procurement Methods of the West Bengal Government are nothing but 'legalised looting'," and to request you to be so good as to state for the information of the Provincial Government if the report as published in the *Lokesevak* is substantially correct. A translated version of the report is enclosed for your information.

Yours faithfully,
P. C. ACHARJI.

(2) From Dr. J. C. Kumarappa to Sri P. C. Acharji, Deputy Secretary to the Government of West Bengal.

WARDAH (C.P.),
The 5th December, 1949.

SIR,

I have your letter No. 914(2)-Pr.155/49 of the 1st instant. My criticism did not refer to West Bengal, but to the All-India Procurement Plan as I had no detailed information in regard to this Province. In the note my reasons have not been brought out clearly. In brief it was this: In a true democracy the Government and the people are partners. If the Government fails to fulfil its duty and share in the production of food it can have no rights in the products. With this clarification and its implications the report is substantially true. I am afraid I can say nothing about Dr. Prafulla Ghosh's speech as it was in Bengali which I do not understand.

Yours truly,
J. C. KUMARAPPA.

(3) From Sri P. C. Acharji to Dr. J. C. Kumarappa.

CALCUTTA,
December 6, 1949.

DEAR SIR,

I thank you for your letter of the 5th instant. I am directed to refer you to the fact that your speech having been delivered in the "Indian Association Hall" in Calcutta it was natural that it should be taken as intended to refer to this Government. Hence the enquiry was made about it by this Government's letter, dated 1st December 1949. I am desired to send you a copy of the statement which is being released to the Press by this Government indicating the directions in which arrangements have been made for the development of agriculture in this Province. I hope this will give you some information with regard to this Province. Government will be prepared to give you further information if you so desire.

Yours faithfully,
P. C. ACHARJI.

Price and cost of living

The question may, however, be asked that the persons standing to benefit by a rise in the price of paddy or rice may be numerically very small, but do they not deserve any rise in price of paddy or rice purely from the standpoint of equity or economic justice?

The question can be approached from two standpoints—

(1) Does a rise in the general cost of living index of the agriculturists justify the increase?

(2) Does an increase in the cost of agricultural production justify a higher price?

(1) (*a*) The cost of living index in West Bengal is 342·5 for middle class and 359·6 for the working class (March 1949). In the rural areas the index will be slightly lower. In the case of a group under consideration, viz., those with a saleable surplus of food, the index will be substantially lower. For, food is the most important item in the index, being responsible for about 70 per cent. of the total cost, and its price has risen the highest among all the items. As these groups do not buy food, they remain unaffected by the rise in the price of food. In the case of these groups the index cannot be higher than 300.

(*b*) As against this, the average price of rice per maund which was Rs. 3-7 in 1938-39, varies from Rs. 20·23 to Rs. 23·48. The price index of rice would thus be now 579.

(*c*) It is, therefore, clear that from the standpoint of the cost of living of the groups with a saleable surplus, there is no justification for a rise in the price of paddy. On the other hand, a substantial reduction may be justified by this standard.

Cost Factor and Cultivators

(2) (*a*) In assessing the importance of cost factor on these groups, an analysis of their composition is highly interesting. Persons owning above 10 acres depend mostly on bargadars for cultivation. Persons owning between 5 and 10 acres depend partly on bargadars. These bigger holders depending on bargadars for cultivation do not contribute anything towards the cost of cultivation of the land, but receive a fixed share of the produce. Hence variation in the cost of cultivation does not affect them. They are in the position of the "rentier" class receiving fixed share of the produce without having to incur the cost of cultivation.

(*b*) Group 4 owning between 4 and 5 acres of land, generally depend on their own labour for cultivation. This is true also of a part of the group owning land between 5 and 10 acres. Except to the extent of the personal labour involved, they are affected by the increase in the cost of cultivation.

(*c*) The cost of living index is moving round about 370 and no item going into the cost of cultivation has perhaps undergone a higher rise. Many items are much below this figure. Thus agricultural labour has not exceeded the figure of 300 and rent has remained unchanged. Interest charges have also not increased.

(*d*) Many producers remain unaffected by the rise in the cost and in the case of those that are affected, the rise is considerably less than the rise in the cost of living index.

(*e*) So from the standpoint of cost of production also it will appear that there is no justification for a further rise; on the other hand a reduction may even be found called for.

Dr. Prafulla Ghosh's Speech.

Dr. Prafulla Chandra Ghosh said that in respect of the capitalists the hope of profits must be held out before them for persuading them to increase production. But if a cultivator who finds it difficult to produce sufficient foodgrains for him after toiling throughout the year and who suffers besides from malaria asks, what is there to inspire him to increase the production, it is considered to be highly objectionable. The reason is that rich industrialists can organise and embarrass the Government by using pressure in different ways but the peasants cannot do it. Dr. Ghosh asked the peasants to be organized. Of course he did not want them to ruin the people in the country. It is necessary for them to organize for their own survival and for the service of the public. He has come to be convinced that the administrative machinery which functions at present cannot effectively run the system of controls. Criticising the procurement policy of the West Bengal Government he warned the authorities that this sort of high-handedness cannot continue for long. No democratic Government can exist without the support of the people.

The Report of the Secretary.

In the beginning of the conference Sri Dasarathi Ta, the General Secretary to the Paddy-Growers' Association, submitted the report of the association. Referring to monopoly procurement drive which the West Bengal Government have decided to launch from the next year the Secretary said that if this is done a peasant rebellion throughout the Province was inevitable.

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